

Message Text

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ACTION EB-03

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C O N F I D E N T I A L TOKYO 13938

LIMDIS GREENBACK

PASS FEDERAL RESERVE BOARD

E.O. 11652: XGDS-1

TAGS: JA, EFIN

SUBJECT: MATSUKAWA TRIP TO U.S.

1. VARIOUS PRESS REPORTS TODAY, AUG 2, INDICATE THAT PRIME MINISTER FUKUDA HAS ASKED MOF FORMER VICE MINISTER FOR INTERNATIONAL AFFAIRS AND CURRENTLY ADVISER MATSUKAWA TO VISIT THE U.S. THIS MONTH TO HELP SOOTHE PROTECTIONIST PRESSURES. IN ITS COVERAGE, NIHON KEIZAI SPECULATES THAT MATSUKAWA WILL URGE THE U.S. TO UNDERTAKE COORDINATED INTERVENTION IN THE FOREIGN EXCHANGE MARKET, AMONG OTHER THINGS.

2. MATSUKAWA HAS CONFIRMED TO FINATT THAT PRIME MINISTER HAS ASKED HIM TO MAKE TRIP TO THE U.S. AND THAT HE HAS ASKED THE JAPANESE EMBASSY IN WASHINGTON TO EXPLORE THE POSSIBILITY OF MEETINGS WITH APPROPRIATE USG OFFICIALS, CONGRESSMEN AND OTHERS. MATSUKAWA SAID THAT NIHON KEIZAI WAS INCORRECT IN SUGGESTING THAT THE PRIME MINISTER HAD ASKED HIM TO GO TO THE U.S. TO TALK ABOUT COORDINATED INTERVENTION, INDICATING THAT THIS QUESTION HAD NOT EVEN
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COME UP AT HIS MEETING WITH THE PRIME MINISTER LATE YESTERDAY AFTERNOON AT WHICH THE TRIP PROPOSAL SURFACED. (MATSUKAWA ALSO TOOK PAINS TO MAKE CLEAR THAT ANOTHER NIHON KEIZAI FLOATER -- THAT MOF HAD BLAMED CURRENT EXCHANGE RATE MOVEMENTS ON THE DOLLAR OVERHANG -- ALSO HAD NO BASIS IN FACT.) MATSUKAWA FURTHER STATED THAT IF HIS VISIT WORKS OUT (HE KNOWS IT MAY BE DIFFICULT BECAUSE

OF VACATIONS IN WASHINGTON), HE INTENDS TO PRESENT IT AS AN OPPORTUNITY FOR AN EXCHANGE OF VIEWS ON RECENT DEVELOPMENTS, WITHOUT MENTIONING ANY PARTICULAR TOPICS. BASIC THRUST OF HIS APPROACH WILL BE THAT HE HAS DETECTED RECENTLY IN THE U.S. A MORE CRITICAL ATTITUDE TOWARD JAPAN AND THAT HE WANTS TO DISCUSS THESE MATTERS. HE WILL SEEK TO AVOID BEING PINNED DOWN BY PRESS ON WHETHER OR NOT HE INTENDS TO DISCUSS THE POSSIBILITY OF COORDINATED INTERVENTION.

3. PRESSURES ON MATSUKAWA TO RAISE THE ISSUE WILL NEVERTHELESS BE HEAVY. FOR EXAMPLE, NIHON KEIZAI TODAY ALSO CARRIES STATEMENT THAT THE FRB HAS NEVER EVEN ONCE ACTIVATED THE SWAP WITH JAPAN, WHILE IT HAS DONE SO IN THE CASES OF GERMANY AND SWITZERLAND. MANSFIELD

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